

**Managing entry capacity at Bacton
under the UNC and CAM**

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Options for managing entry capacity at Bacton

- CAM NC applies to interconnection points only; existing UNC arrangements remain for domestic production
- Assume therefore that entry capacity at Bacton will be sold via the UNC (UKCS) and CAM (IUK/BBL)
- Timing of auctions may lead to selling more than is available or favouring one entry route
- Also both UNC and CAM require some capacity to be reserved for short term auctions
- We have considered four options for managing entry capacity at Bacton
 - NGG resolves (using existing mechanisms for managing capacity)
 - Capacity reduction (amend the capacity available in an auction based on the outcome of the other)
 - Competing auction (both auctions run together with capacity going where it is valued most)
 - Split capacity (predetermine the maximum capacity available at an entry point or points)
- Some options rely on certain assumptions being true
 - Capacity reduction needs one auction to be completed before other starts
 - Competing auctions require timescales to be aligned, and for some form of communication between platforms
- Not an issue for exit capacity as already split

Possible Bacton split options

Option	Required assumption(s)	Conclusion
NGG resolves	<ul style="list-style-type: none"> • There is unused capacity or NGG is able to buyback 	<ul style="list-style-type: none"> • Possible under current flow levels • This might change if flows alter dramatically • Issues with timescales not being aligned
Capacity reduction	<ul style="list-style-type: none"> • One auction must be completed before the other starts 	<ul style="list-style-type: none"> • Not currently possible, ruled out • UNC and CAM auctions are held at the same time for at least some of the bid window • Would need a change to the UNC to work • Risk of creating a 'first mover advantage'
Competing auction	<ul style="list-style-type: none"> • Both auctions are held at the same time • Auctions held on same or linked platforms 	<ul style="list-style-type: none"> • Possible but ruled out • Auction timing not exactly aligned • Expect the complexity of administering this to be too great
Split capacity	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Possible and current lead option • Splitting capacity would mean UNC and CAM auctions are held independent of each other; timing not an issue • Other issues remain (how to determine the split, current sold capacity, etc)

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